

Message Text

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ACTION EUR-12

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LIMITED OFFICIAL USE BELGRADE 6725

EO 11652: NA
TAGS: EGEN, EFIN, YO
SUBJ: ECONOMIC FEATURES OF TITO'S SLOVENIAN SPEECH

REF: BELGRADE 6688

1. ECONOMIC POLICY PORTION OF PRESIDENT TITO'S ADDRESS
BEFORE SLOVENIAN PARTY OFFICIALS VOICED STRONG GOVERNMENT
CONCERN ABOUT A NUMBER OF TROUBLE SPOTS IN A GENERALLY
HEALTHY RECORD OF INDUSTRIAL GROWTH AND IMPROVING LIVING
STANDARDS. WHILE SUCH PROBLEMS AS LAGGING LABOR PRODUCTIVITY,
INFLATIONARY PRICE INCREASES AND THE SLOW PACE OF SELF-
MANAGEMENT CONSULTATIONS HAVE BEEN THE THEMES OF NUMEROUS
OFFICIAL DEBATES, TITO HAS CLEARLY EMPHASIZED THE COUNTRY-
WIDE ECONOMIC AND SOCIAL BURDENS OF UNPRODUCTIVE AND INEFFICIENT
ENTERPRISES.

2. SIGNIFICANTLY HE HAS PUBLICLY PLACED A GOOD PART OF
THE BLAME ON INCOMPETENT MANAGEMENT - A FACT THAT WILL
NOT BE LOST ON RISING CORPS OF EDUCATED, YOUNGER EXECUTIVES
WHO LOOK FORWARD TO REPLACING WHAT THEY OFTEN VIEW
AS ENTRENCHED DEAD WOOD.

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3. RECENT LEGISLATION COMPELS FINANCIALLY TROUBLED
ENTERPRISES TO REDUCE EMPLOYEE INCOMES TO MINIMUM
LEVEL AND UNDERTAKE APPROPRIATE INTERNAL REORGANIZATION.
NEITHER ACTION IS PALATABLE, OF COURSE, FOR FIRMS WHO HAVE
TRADITIONALLY SURVIVED THANKS TO COMMUNITY SUPPORT AND
UNLIMITED BANK CREDIT.

4. POOR MANAGEMENT HAS ALSO BEEN BLAMED FOR
IRRATIONAL INVESTMENT PLANNING WHICH HAS HELPED CONTRIBUTE
TO YUGOSLAVIA'S FOREIGN DEBT BURDEN, AND RESULTED IN
OVERCAPACITY OF PRODUCTION FACILITIES IN SOME INDUSTRIES.
IMPLICATION IS THAT JOINT VENTURES AND LOAN CONTRACTS
INVOLVING FOREIGN CAPITAL WILL BE MORE CLOSELY SCRUTINIZED.

5. TITO'S WARNINGS, ECHOED IN REPORTS OF A RECENT
FEDERAL EXECUTIVE COUNCIL SESSION ON ECONOMIC DEVELOPMENTS,
MAY FINALLY STIMULATE POSITIVE ACTION AT THE LOCAL LEVEL.
KEY INDICATOR IN ANY CASE WILL BE IMPACT ON WELL KNOWN "POLITICAL"
INVESTMENTS WHICH REGULARLY TURN IN NEGATIVE BALANCES.
EAGLEBURGER

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